

# STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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**TO:** Airport Authorities

**FROM:** Micah G. Vincent, Commissioner

**SUBJECT:** Maximum Allowable Tax Rates for Certain Funds of Airport Authorities

**DATE:** May 8, 2014

On March 26, 2014, Governor Pence signed into law Senate Enrolled Act 367 ("SEA 367"), which modifies the maximum tax rate allowable for both the operating fund of an airport authority and the cumulative building fund. Please note that this memorandum is intended to be an informative bulletin; it is not a substitute for reading the law.

## Operating Fund

Section 37 of SEA 367 amends IC 8-22-3-11, which provides for the maximum tax rate that an airport authority may levy for its operating fund. For airport authorities established under IC 19-6-3 before its repeal on April 1, 1980, the maximum operating tax rate is \$0.0667 per \$100 of assessed value. This rate is unchanged from prior years. However, for all other airport authorities, the following maximum tax rates apply:

<u>Net Assessed Value (NAV)</u>	<u>Maximum Tax Rate (per \$100 NAV)</u>
\$300,000,000 or less	\$ 0.1000
\$300,000,001 to \$450,000,000	Tax rate necessary to raise the sum of \$300,000 <b>plus</b> the amount that would be raised by applying a tax rate of \$0.0833 per \$100 NAV to assessed value that exceeds \$300,000,000
\$450,000,001 to \$600,000,000	Tax rate necessary to raise the sum of \$374,850 <b>plus</b> the amount that would be raised by applying a tax rate of \$0.0667 per \$100 NAV to assessed value that exceeds \$450,000,000
\$600,000,001 to \$900,000,000	Tax rate necessary to raise the sum of \$400,200 <b>plus</b> the amount that would be raised by applying a tax rate of \$0.0500 per \$100 NAV to assessed value that exceeds \$600,000,000

<u>Net Assessed Value (NAV)</u>	<u>Maximum Tax Rate (per \$100 NAV)</u>
\$900,000,001 or greater	Tax rate necessary to raise the sum of \$450,000 <b>plus</b> the amount that would be raised by applying a tax rate of \$0.0333 per \$100 NAV to assessed value that exceeds \$900,000,000

#### Cumulative Building Fund

An airport authority may establish a cumulative building fund under IC 8-22-3-25. For an airport authority established by an eligible entity (as defined in IC 8-22-1-6) other than a city or that was jointly established with an eligible entity that is not a city, the maximum tax rate for this fund is \$0.0033 per \$100 NAV. For an airport authority established under IC 19-6-3 before its repeal on April 1, 1980, the maximum tax rate for the cumulative building fund is \$0.0133 per \$100 NAV. These two rates are unchanged from prior years. However, for all other airport authorities, the following maximum tax rates apply:

<u>Net Assessed Value (NAV)</u>	<u>Maximum Tax Rate (per \$100 NAV)</u>
\$300,000,000 or less	\$ 0.0167
\$300,000,001 to \$450,000,000	Tax rate necessary to raise the sum of \$50,100 <b>plus</b> the amount that would be raised by applying a tax rate of \$0.0133 per \$100 NAV to assessed value that exceeds \$300,000,000
\$450,000,001 to \$600,000,000	Tax rate necessary to raise the sum of \$59,850 <b>plus</b> the amount that would be raised by applying a tax rate of \$0.0100 per \$100 NAV to assessed value that exceeds \$450,000,000
\$600,000,001 to \$900,000,000	Tax rate necessary to raise the sum of \$60,000 <b>plus</b> the amount that would be raised by applying a tax rate of \$0.0067 per \$100 NAV to assessed value that exceeds \$600,000,000
\$900,000,001 or greater	Tax rate necessary to raise the sum of \$60,300 <b>plus</b> the amount that would be raised by applying a tax rate of \$0.0033 per \$100 NAV to assessed value that exceeds \$900,000,000

#### Effective Date

These amendments became effective upon passage of SEA 367. As a result, these maximum tax rates will apply for the 2014 Pay 2015 budget year. The Department of Local Government Finance will work with airport authorities to ensure the proper application of these maximum tax rates.

If you have any questions on the above changes, please contact Budget Division Director Courtney Schaafsma at (317) 234-3937 or [cschaafsma@dlgf.in.gov](mailto:cschaafsma@dlgf.in.gov).